

CONCEPT AND EVOLUTION OF BANK MARKETING

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The bank marketing, a specialized field of the marketing, has emerged following the extensive development of the general marketing and following the appearance, separation and development of services marketing. The article shows the appearance, development and delimitation of the bank marketing concept following the increase of the financial-banking sector in all world countries due to the appearance of new competitors and the competition intensification. The research consisted in presenting the evolution stages of the bank marketing and the manner in which the concept has been approached and perceived, in time, by various Romanian and foreign specialists. Through analysis, I have shown the importance of including the bank marketing concept into the assembly of tactical and strategic decisions of the banking companies.

Keywords: marketing, bank marketing, concept, evolution.

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Introduction

Following the extensive development of the marketing field, the consumer-goods marketing and the services marketing have resulted. The services marketing, as a distinct field, is characterized by a peculiar content where elements can be found similar to material goods (properly adapted) and other elements common to all services. It developed in two ways: one approaching the sector as a whole and another one specific to various categories of services, which underlies the appearance of some of its branches: *bank marketing*, *tourism marketing*, etc.

The marketing-specific applications within the activities performed by the banking institutions that offer their products and services, realized in the banking sector, to companies or organizations, government, other financial institutions and population as well, designate the *bank marketing*.

Bank marketing concept

The bank marketing is a specialized field of the marketing and it has emerged following the extensive development of the general marketing and following the appearance, development, separation, delimitation, deepening and specialization of services marketing. The bank marketing concept evolved following the significant increase in the developed countries of the financial sector and implicitly the banking sector due to the appearance of new competitors, the market overcapacity and the competition intensification.

The bank marketing is "the marketing that applies in the *universal banks*' field (commercial banks as: savings and cooperative banks) and in the *specialized banks*' field (actual credit institutions, investment companies, etc.). Besides the insurance companies and savings institutions for constructions, the banks are the most important offerers on the market of financial services. Today, on the market of bank services, there is a powerful competition, the transparency is more pronounced and the customers have become more critical and less fastidious, being better informed about the monetary and financial issues, but also better advised for this purpose. Therefore, many banks admitted the need to develop and implement professional and efficient **bank marketing** in the relationship with their own private customers".

In the specialty literature, the **bank marketing** is also called marketing for *services* or for immaterial goods. Compared to other services, the banking products are distinguished by the fact that they are *complex and abstract*. Most of the customers do not easily understand what the financial services

consist in, what benefit they bring and how they can be distinguished from one another. To this we can add the fact that the benefit of a banking service, for example a consultancy for the acquisition of a mortgage loan, for the placement of some shares or a funding for the execution of a construction, is exposed to an *external insecurity*, more than the other goods. The factors that influence these situations are the following: the evolution of national and world economy and the evolution of banking, monetary and capital markets. The exogenous insecurity and the immateriality generate a very high *qualitative insecurity* of the banking products for customers. Most of the banking products are mainly *integrating*, meaning that the customer takes part, more or less actively, in their realization.

For banking services, the specialist Kaas K.P. emphasizes the importance of the customers giving some information about the standard financial *data* (income and patrimony), about their financial *objectives* for life planning, about their attitude towards *risk*, about the intended period of the commitment, etc. in interaction with the bank employees. The immateriality and the abstractization of the banking services lead to the fact that, compared to the offerers of material goods; it is more difficult for a bank to create lasting competition advantages. The innovating products, for example a special savings contract or a chip card, cannot be protected against the competition by patents or property know-how. A bank can create competition advantages by a *high quality of the services, customer orientation and customer loyalty development*. To that effect, resources are needed which, on short term, are not available to all competitors. Examples to that effect are the customers carefully chosen, formed and motivated to serve the customers in an exceptional manner and also the information systems which allow the bank to optimally adapt its services to customer needs and restrictions⁸⁸².

The contemporary specialty literature shows numerous definitions of the *bank marketing*, more or less different, on the one hand due to the development level of the banking market and of the economy in the author's origin country and on the other hand due to the viewpoint in which the concept has been approached and perceived.

The English specialists C. Ennew, T. Watkins and M. Wright, in their writing "Marketing Financial Services", considered that the *bank marketing concept* implies "*the achievement of the bank objectives by establishing the needs and wishes of the target customers and the supply of the needed satisfaction in a more efficient manner than their competitors*"⁸⁸³.

Another Belgian specialist Claessens R., in his writing "Marketing of retail banking products" stated that "*The banks should identify the future needs and wishes of the customers and should use their own services and distribution channels in order to efficiently develop the integrated marketing concept on long term*"⁸⁸⁴.

In a brief formulation, the Romanian specialist Ionescu Lucian, in his writing "Bank marketing elements" states that the *bank marketing* represents "*the management of the processes leading to the satisfaction of the customer financial needs, in a manner profitable to the bank*"⁸⁸⁵.

Another Romanian specialist, Dedu V. considered that "*the bank marketing refers to the actions taken through banks in order to satisfy the customer needs – private and companies*"⁸⁸⁶.

The specialist Odobescu E., in his writing "Modern bank marketing", stated that "*the adaptation of the bank marketing concept, as an assembly of strategic and tactical decisions adopted in the management process and the bank existence, implies the consideration of the following elements: satisfaction of customer needs, increasing the bank profitability, employees' involvement thus ensuring the cost*

⁸⁸² Florescu C., Malcomete P., POP N. Al., *Marketing, Dictionar Explicativ*, Editura Economică, București, 2004, p.394.

⁸⁸³ Ennew C., Watkins T., Wright M.: *Marketing Financial Services*, Butterworth-Heinemann, Oxford, UK 1991, p.19.

⁸⁸⁴ Claessens R.: *Marketing of retail banking products-From "Theory" to Practice & Strategic planning implementation*, U.B.I. Brussels, 2004, p 16.

⁸⁸⁵ Ionescu L.: *Elemente de marketing bancar*, Romanian Banking Institute, București, 2001, p.17.

⁸⁸⁶ Dedu V., *Gestiune și audit bancar-editia a doua*, Ed. Economică, București, 2008, p.278.

*control and the income maximization, social responsibility, the bank needing to have a responsible behavior*⁸⁸⁷.

The bank marketing considers that the bank institutions must involve themselves to a great extent in the complex study of the customers (income level, lifestyle, financial situations, market positions, market shares, etc), they must try to influence their behavior and to keep a permanent and efficient communication in order to know better their preferences and demands, offering to them new and diversified products, constantly improved in quality, using a highly qualified personnel and in the same time efficiently using their own resources, thus ensuring their profitability increase.

Bank marketing evolution

The stages of the bank marketing evolution are the following:

-*during the 70s*, many banks did not use the marketing in their activity, their management being market-oriented. Once the competition intensified, some of the banks have started to use the marketing, launching some extremely expensive advertising campaigns. The banks were counting on the fact that they could fool the customers by various promotional activities, by which they could hide the negative aspects related to their own banking services. The first failures of the advertising campaigns proved to the banks that on the one hand these campaigns could ruin them, and on the other hand that the main problem did not consist in attracting new customers, but in keeping them. During this period, the advertisement was the most important marketing activity performed by the banks;

-*during the 80s*, the banks developed programs to support the business, they promoted the bank marketing on a large scale, engaging all its constituent aspects: establishing and organizing the offer of products/services to satisfy the existing needs; promoting and orientating the products/services towards responding to the considered requirements of the business. It is a time when the banks no longer accentuate the trade, the short term sale of banking products, their volume increase; instead they focus on the perennial value of the customer, pursuing the winning of new customers.

-*during the 90s*, the banks focused their efforts in order to create some superior banking products/services, on the one hand following the assurance of the customer needs' satisfaction, and on the other hand establishing lasting relationships with them. During this period, the financial sector and implicitly the banking sector experiences a significant growth in the developed countries.

-*during the 21st century*, the banks act in a dynamic environment, where the market and the other factors (components of the political, economical, social, juridical, cultural, demographical and technological environment) frequently raise problems, forcing them to additional efforts or offering them opportunities that need to be fructified as well as possible; they need to integrate their current actions to their long term objectives which were previously determined by the bank marketing policy. Adapting the banking institution's activity to the environment requires a continuous tracking of the structural quantity and quality changes which the environment registers or will register⁸⁸⁸.

In conclusion, in order to successfully achieve the purpose of the marketing process, *the banks* should:

-perform analyses in order to know the bank customers to the highest possible extent, so that the offered banking products/services match their needs and the sale is ensured. That is why the bank needs to involve as actively as possible in their customers' activities, by financial and logistical support, specialty consultancy and assistance.

-perform studies, systematical analyses of the financial market identifying the profitable markets, the new capital flows on the financial markets, the new agencies, intermediaries and entrepreneurs (sellers) acting on these markets, their operations and performances.

-define and apply their strategies in their relation with the market, efficiently using their own resources in order to create new banking products/services and to diversify them according to the consumers' wishes and expectations.

⁸⁸⁷ Odobescu E., *Marketingul bancar modern*, Ed. Sigma, București 2007, p.17.

⁸⁸⁸ Dedu V.: *Gestiune bancară*, Ed. Didactică și Pedagogică, București, 1999, p.9.

- try to obtain a lasting competition advantage by promoting high quality products/services, by customer orientation and by customer loyalty development.
- establish clear communication strategies for the customers, shareholders and employees.
- influence the customers' behavior since the profitability ratio of the banks is connected to their customers' profitability.
- determine certain specific indicators with the help of the financial – banking marketing, such as liquidity, solvency, interest rate and amount, the size of the production and investment expenditure estimates (especially within the credit banking product), bank capital adequacy ratio, the quality of credits portfolio by which to eliminate or to reduce the financial risk and to increase the profitability.

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